

Message Text

UNCLASSIFIED

PAGE 01 SANTIA 00105 082207Z

72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 IO-14

DRC-01 /184 W

----- 045961

R 082115Z JAN 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7081

INFO AMEMBASSY LIMA

AMEMBASSY QUITO

AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY BUENOS AIRES

US MISSION GENEVA 0309

UNCLAS SANTIAGO 0105

E.O.11652:N/A

TAGS: ETRD GATT CI

SUBJ: NEW CHILEAN TARIFF POLICY

1. IN NATIONWIDE SPEECH EVENING JAN 8, FINANCE MIN
GOTUZZO ANNOUNCED 3-YEAR TARIFF REFORM PROGRAM DESIGNED
TO REDUCE DRASTICALLY CHILE'S LEVEL OF PROTECTION. TARIFF
REDUCTIONS TO BE ACCOMPANIED BY REALISTIC FX IMPORT RATE
SO THAT TRADITIONALLY UNPROTECTED CHILEAN ECONOMIC ACTIVITY
(SUCH AS MINING AND AGRICULTURE) STRENGTHENED WHILE HIGH-COST
INDUSTRIES LEFT TO SINK OR SWIM IN FACE OF INTERNATIONAL
COMPETITION. TRADE RESTRICTIONS SUCH AS PRIOR IMPORT DEPOSITS
AND IMPORT QUOTAS ARE ALSO TO BE ELIMINATED.

2. GOTUZZO SAID GOC IMPLEMENTING FOLLOWING CHANGES

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SANTIA 00105 082207Z

IMMEDIATELY:

A) ALL AD VALOREM DUTIES GREATER THAN 220 PERCENT REDUCED TO 200 PERCENT.

B) AD VALOREM DUTIES BETWEEN 50 PERCENT AND 220 PERCENT REDUCED, IN GENERAL, BY 10 PERCENT OF ACTUAL VALUE SUBJECT TO FOLLOWING TWO RESTRICTIONS:

1) NEW AD VALOREM TARIFF SCALE WILL BE IN MULTIPLES OF 5 PERCENT -- THOSE NOT IN SUCH MULTIPLES WILL BE ADJUSTED ACCORDINGLY. (FOR EXAMPLE: AN ARTICLE WHOSE PREVIOUS AD VALOREM RATE WAS 120 PERCENT WOULD NOT BE 110 PERCENT, WHICH AFTER 10 PERCENT REDUCTION IS BASE OF 108 PERCENT ADJUSTED TO NEAREST MULTIPLE OF 5 PERCENT.)

C) NEW TARIFFS TO APPLY EQUALLY TO BOTH PUBLIC AND PRIVATE ENTERPRISES.

D) EFFORTS WILL BE MADE TO VALUE IMPORTS ACCORDING TO BRUSSELS TARIFF NOMENCLATURE.

3. ACCORDING GOTUZZO STATEMENT, PROHIBITIONS REGARDING IMPORTATION OF CERTAIN LUXURY GOODS TO CONTINUE FOR PRESENT TIME. GOC PLANS TO REPLACE THESE PROHIBITIONS BEFORE LONG WITH TAXES DESIGNED TO RESTRICT CONSUMPTION OF SUCH GOODS WITHOUT REGARD TO ORIGIN. AD VALOREM TARIFFS WILL SOON REPLACE ALL BUT A FEW SPECIFIC TARIFFS.

4. COMMENT: NEW POLICY IS TOTALLY CONTRARY TO CHILEAN EXPERIENCE FOR MANY DECADES. IF IMPLEMENTED AS OUTLINED, QUITE A FEW HIGH-COST PRODUCERS WILL GO UNDER. THAT IS PRECISELY THE OBJECTIVE OF QUOTE CHICAGO BOYS UNQUOTE (YOUNG TECHNOCRATS) WHO FORMULATED POLICY WITH HELP OF AID-FUNDED TECHNICAL EXPERT. END COMMENT.
THOMPSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, ECONOMIC PROGRAMS, TARIFF LIBERALIZATION, FOREIGN EXCHANGE, IMPORT QUOTAS, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTIA00105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740156/aaaacast.tel
Line Count: 95
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 01 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 OCT 2002 by WorrelSW>; APPROVED <19-Nov-2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW CHILEAN TARIFF POLICY
TAGS: ETRD, CI, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005